The Role of Leadership in Digital Transformation Management in Organisations

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ABSTRACT

In the ongoing era of digital transformation, organisations around the world are faced with rapid and complex changes in technology, business processes and work culture. To meet these challenges, it is important for organisations to have effective and proactive leadership in managing digital transformation. The purpose of this study is to examine in more depth the role of leadership in managing digital transformation, including how different leadership styles can impact digital transformation outcomes. The current research type is qualitative. Data collection techniques include listening and recording important information to conduct data analysis through data reduction, data display, and conclusion drawing. The study results arrive at a statement that the role of leadership in digital transformation management in organisations is crucial. Effective leadership will ensure the success and effectiveness of the change.

Keyword: Leadership, Digital Transformation Management, Organisation

INTRODUCTION

In the contemporary era of digital transformation, organisations globally encounter swift and intricate shifts in technology, business procedures, and work ethos (Baptista et al., 2020). In order to address these challenges, it is imperative for organisations to possess competent and forward-thinking leadership in the realm of digital transformation management (Sow & Aborbie, 2018).

Digital transformation is a term that encompasses the utilisation of digital technologies in order to modify the operational processes, customer interactions, and value creation strategies of organisations (Gadzali et al., 2023). The application of digital tools and platforms, including big data, artificial intelligence, internet of things (IoT), and other technological advancements, is utilised to enhance business processes, increase operational effectiveness, and foster innovation (Harini et al., 2023).

The significance of leadership is paramount within the realm of digital transformation (Cortellazzo et al., 2019) and (Ausat, 2023). Effective leadership possesses the capacity to exert influence over the strategic trajectory of an organisation, facilitate the transformation of the prevailing work culture, and inspire employees to embrace and integrate modifications (Azzaakyyiah, 2023) and (Zen et al., 2023). The presence of effective leadership is instrumental in addressing the challenges that may arise in the context of digital transformation, including but not limited to resistance to change and conflicts among various organisational units (Niță & Guțu, 2023).
In the context of digital transformation, there exists a multitude of leadership theories and frameworks that hold relevance. Transformational theory and contingency theory offer valuable insights into the ways in which leadership can impact employee motivation and performance amidst technological advancements (Ausat et al., 2022). Furthermore, it is noteworthy to consider that the incorporation of values-based leadership and learning-oriented leadership can exert significant influence on the management of digital transformation.

Nevertheless, notwithstanding the significance of leadership in the management of digital transformation, there exist research deficiencies that necessitate resolution. Additional investigation is required to gain a more comprehensive comprehension of the significance of leadership in the management of digital transformation. This includes an examination of the various leadership styles and their potential impact on the outcomes of digital transformation. Furthermore, it is necessary to explore the factors that influence employees’ willingness to accept technological change, as well as identify effective leadership strategies that can facilitate a smooth transition into the digital era.

This research aims to enhance comprehension of the significance of leadership in the management of digital transformation. By doing so, it can offer valuable insights and recommendations to organisational leaders who are tasked with navigating the challenges posed by digital advancements in the modern era.

LITERATURE REVIEW

Leadership

Leadership can be defined as the systematic exertion of influence and guidance over individuals or groups with the aim of attaining predetermined objectives (Basir et al., 2023). Leadership encompasses an individual's aptitude to effectively guide, inspire, incentivize, and orchestrate the endeavours of others in order to attain a shared objective (Cahyono et al., 2023). Leadership encompasses the dynamic exchange between a leader and their followers, wherein the leader assumes the responsibility of providing direction, guidance, and support in order to facilitate the attainment of desired outcomes (Lo et al., 2020). The concept of leadership extends beyond an individual's organisational position or title, encompassing their demonstrated qualities and behaviours. Leadership can be exercised by individuals who lack formal authority, as long as they possess the ability to inspire and influence others through their vision, values, competencies, and positive demeanour (Wang et al., 2022). There are a variety of different leadership approaches and theories that have been developed by experts. Some common approaches include:

1. Transformational leadership: This approach involves leaders inspiring, motivating, and mobilising their followers to achieve higher goals. Transformational leaders encourage their followers to exceed their own expectations and actively contribute to the success of the organisation.

2. Transactional leadership: This approach involves an organised exchange between the leader and his followers. Transactional leaders provide rewards, recognition, or incentives to followers who achieve set goals.

3. Situational leadership: This approach recognises that effective leadership styles may vary depending on the particular situation and context. Situational leaders are able to adapt their leadership style according to the needs and characteristics of the individuals or groups they lead.

4. Service leadership: This approach places service to others as the primary focus of leadership. Service leaders dedicate themselves to helping and serving the needs of their followers, with the aim of advancing the common good.

Effective leadership encompasses a confluence of attributes, including but not limited to sagacity, uprightness, compassion, reliance, adeptness in communication, proficiency in decision-making, and the capacity to cultivate and sustain robust connections with subordinates. Effective leaders possess the capacity to identify and capitalise on advantageous circumstances, adeptly navigate periods of transformation, and confront obstacles with fortitude and adaptability.

Digital Transformation Management
The concept of digital transformation refers to the process by which organisations adopt and integrate digital technologies into their operations, strategies, and business models. Management encompasses the systematic implementation of digital technologies in order to effectuate organisational change, thereby revolutionising operational procedures, customer interactions, and value creation within an organisation. The concept encompasses the incorporation, assimilation, and application of digital technologies, including big data, artificial intelligence (AI), cloud computing, internet of things (IoT), and other related technologies, with the aim of enhancing business operations, enhancing productivity, and fostering innovation (Chauhan et al., 2022); (Hermansyah, 2023) and (Sukenti, 2023). The process of digital transformation encompasses more than just the adoption of novel technologies; it encompasses alterations in work culture, organisational structure, and cognitive frameworks within the organisation (Li, 2020). This phenomenon encompasses the application of inventive cognitive processes, comprehension of technological patterns, and organisational adjustments to effectively navigate a progressively volatile and evolving milieu. Digital Transformation Management involves several stages, including:

1. Analysis and Planning: This stage involves an in-depth understanding of the objectives of digital transformation, identification of areas that need improvement, and development of a strategic plan to implement relevant digital technologies.
2. Technology Implementation: This stage involves implementing the chosen digital technology, such as introducing new systems, platforms, or tools that suit the needs of the organisation.
3. Integration and Optimisation: After implementation, this stage involves integrating the technology into the day-to-day operations of the organisation and ensuring its effective use. This process involves employee training, business process adjustments, and performance monitoring to achieve optimal results.
4. Organisational Culture: Digital transformation also requires a change in organisational culture that supports technology adoption. This involves promoting collaboration, innovative thinking, and acceptance of change.

The significance of Digital Transformation Management lies in its recognition of the potential for digital technology to fundamentally alter organisational processes, foster competitive advantage, and enhance overall business performance (Kraus et al., 2021). Nevertheless, the process of digital transformation encompasses various obstacles, including the need for cultural shifts, alterations in work processes, and the adoption of intricate technologies. Hence, the implementation of digital transformation management becomes imperative in order to effectively navigate these changes within organisations and fully leverage the extensive capabilities offered by digital technology.

**Organisation**

The term "organisation" denotes a systematically designed entity or collective that possesses a distinct objective. Organisations encompass a diverse range of entities, including business enterprises, governmental bodies, non-profit establishments, educational institutions, and various social collectives. Organisations typically possess a formalised structure, hierarchical arrangement, and established regulations that govern the management of activities and allocation of resources in order to attain predetermined objectives (Ahmady et al., 2016). There are several important elements that define an organisation:

1. Purpose: Organisations have a goal or mission to achieve. This purpose may be economic, social, or related to the provision of a particular service or product. The purpose of the organisation becomes the foundation for decision-making and resource management.
2. Structure: Organisations have a structure that governs the relationships between members and parts. The organisational structure determines the hierarchy, communication flow, and responsibilities assigned to individuals or units within the organisation.
3. Processes and Activities: Organisations involve a series of processes and activities that are executed to achieve goals. These processes include various functions such as operational management, marketing, finance, human resources, production, and others.
4. Resources: Organisations utilise resources such as manpower, capital, technology and other assets to carry out their operations. Resource management is important in managing an organisation to achieve efficiency and effectiveness.

5. Culture and Values: Organisations also have a work culture that reflects the norms, values, beliefs, and attitudes shared by the members of the organisation. Organisational culture plays a role in shaping behaviour, communication and collaboration within the organisation.

Organisations may adopt various structural frameworks, including functional structures, matrix structures, or structures predicated on products or geographical regions (Azzaakiyyah et al., 2023) and (Rustiawan et al., 2023). Furthermore, it is important to note that organisations can exhibit variations in both scale and scope. These variations encompass a spectrum that spans from small-scale organisations, comprising only a handful of individuals, to large and intricate organisations that boast thousands of members (Salamah, 2023) and (Muhamad et al., 2023). The primary objective of organisations is to attain success in the pursuit of predetermined objectives, enhancing overall performance, fulfilling the needs of customers or stakeholders, and adapting to dynamic business or societal conditions.

**RESEARCH METHOD**

This research aims to analyse the role of leadership in digital transformation management in organisations. In this study, the researcher conducted desk research so that there was no need to go directly to the field during the data collection process, but rather examine various reference sources that support this research. The literature was obtained from online media and databases from journal portals that are in accordance with the keywords related to this discussion, namely the role of leadership in digital transformation management in organisations. The author does not focus on specific journal portals or online media in determining relevant reference sources such as referring to the Emerald Insight, ResearchGate, and Elsevier journal portals, but is more flexible. In this article, with a focus on the role of leadership in digital transformation management in organisations, the author makes these keywords the focus of the search so as not to widen the main discussion. The search for journals, articles and publications was mostly in the range of articles published between 2016 and 2023. Not all articles, journals, and publications that appear in the search results will be used, but only those related to the role of leadership in digital transformation management in organisations.

This research is a type of qualitative research. Data collection techniques include listening and recording important information to conduct data analysis through data reduction, data display, and conclusion drawing to obtain a picture of the conclusions regarding the literature study that will be developed in this study. Data validation uses triangulation of data sources.

**RESULTS AND DISCUSSION**

The significance of leadership in the management of digital transformation within organisations is paramount, as it plays a crucial role in guaranteeing the accomplishment and efficiency of these changes. Digital transformation is the utilisation of digital technology and innovation to effectuate a comprehensive overhaul and enhancement of business processes, operational frameworks, and customer experiences within an organisational context (Sudirjo et al., 2023). In the present context, effective leadership encompasses the ability to make strategic decisions, provide guidance to teams, empower individuals, and facilitate the successful adoption of technology (Bunjak et al., 2022).

One of the primary responsibilities of leaders in the realm of digital transformation management is to serve as change agents. In order to be deemed effective, a leader must possess the capacity to identify and proactively anticipate shifts in the market, emerging technological patterns, and the evolving demands of customers (Dwivedi et al., 2021). It is imperative to promote the adoption of novel technologies and the transformation of entrenched operational practices within organisations. In the realm of digital transformation, it is imperative to possess proactive leadership in order to guarantee the continued relevance and competitiveness of organisations within the digital era (Ausat et al., 2023).

Leaders must possess the ability to effectively communicate a well-defined vision to the
entire organisation, in addition to assuming the role of a change agent. The process of digital transformation frequently entails intricate and extensive modifications (Mergel et al., 2019). Effective leadership entails the capacity to inspire and motivate team members to embrace these changes through comprehensive elucidation of the advantages and elucidation of the transformation’s long-term objectives. The implementation of effective communication strategies can contribute to the mitigation of resistance and confusion that may emerge during periods of change (Schulz-Knappe et al., 2019). In addition, it is imperative for leaders to establish a robust and heterogeneous team to facilitate the process of digital transformation. It is imperative for the organisation to possess the capability to discern and enlist individuals possessing pertinent digital proficiencies, while also ensuring the active involvement and contribution of all team members in the process of transformation. Leadership should play a pivotal role in promoting collaboration, facilitating shared learning, and ensuring the availability of adequate resources to effectively accomplish the objectives of digital transformation.

Furthermore, it is imperative for leaders to direct their focus towards various dimensions of transformational leadership. Transformational leadership involves the ability of leaders to inspire, motivate, and cultivate an innovative organisational culture (Steinmann et al., 2018). The individuals in question should possess the capacity to establish trust, offer guidance, and address any potential obstacles that may emerge throughout the course of the digital transformation endeavour (Abbu et al., 2022). Leaders who possess the ability to effectively demonstrate the application of new technologies and foster an environment conducive to innovation will expedite the process of organisations embracing and implementing technology (Koziol-Nadolna, 2020). Furthermore, leaders are required to cultivate novel leadership competencies in order to effectively confront the obstacles presented by digital transformation (Gilli et al., 2023). Professionals in this field must possess a comprehensive comprehension of contemporary digital technologies and emerging trends. In order to maintain a competitive edge in the realm of digital innovation, it is imperative for leaders to engage in ongoing learning and personal development, thereby ensuring their ability to adapt to technological advancements and effectively steer their organisations.

The signification and prevalence of leadership in the management of digital transformation within organisations cannot be overstated (Kurniawan & Soediantono, 2019). Leadership necessitates individuals who can act as catalysts for change, possess a well-defined vision, demonstrate proficient communication skills, foster robust team dynamics, prioritise elements of transformational leadership, and cultivate novel leadership proficiencies. Through the implementation of these roles, leaders possess the ability to guide organisations towards the necessary transformations required to attain a competitive edge in the digital era.

In addition to the aforementioned roles, there exist several other facets that are significant considerations within the leadership position in the management of digital transformation in organisations. According to our view, herein lie supplementary facets worthy of consideration:

1. Development of a culture of innovation: It is imperative for leaders to establish a cultural environment that fosters and encourages innovation and the willingness to take risks. Organisations ought to foster an environment that promotes the cultivation of creative thinking among employees, encourages the exploration and experimentation of novel concepts, and emphasises the value of learning from unsuccessful endeavours. Leaders who possess the ability to establish a secure and conducive atmosphere for experimentation will expedite the process of digital transformation.

2. Technology understanding: It is imperative for leaders to possess a profound comprehension of the technological aspects associated with the process of digital transformation. Individuals must possess a comprehensive comprehension of the potential and constraints inherent in technology, enabling them to exercise discernment and prudence in their choices pertaining to the adoption and integration of digital solutions. It is imperative for leaders to remain abreast of contemporary advancements in digital technology.

3. Change management: Digital transformation encompasses substantial alterations in the operational procedures, organisational frameworks, and cultural dynamics of an entity. Effective management of these changes is a crucial requirement for leaders. Professionals must possess the ability to proficiently discern and effectively handle change, mitigate resistance,
and foster a sense of shared dedication towards the necessary transformations. Leaders must also take into account the social and psychological ramifications of digital transformation on their employees.

4. Customer engagement: In the context of digital transformation, it is imperative for leaders to place a high level of importance on prioritising the customer experience. Professionals in this field should possess the capability to discern and ascertain the requirements of customers, comprehend patterns of consumer behaviour, and effectively leverage technology to enhance the overall customer experience. Leadership is crucial in ensuring that the entire organisation directs its efforts towards generating additional value for customers by means of digital transformation.

5. Data management and security: Digital transformation encompasses the utilisation of extensive and intricate datasets. It is imperative for leaders to guarantee that the organisation possesses sufficient policies, procedures, and infrastructure to effectively oversee data in a secure manner and adhere to relevant regulations. It is imperative for leaders to place a high priority on information security and actively involve all members of the team in comprehending the significance of safeguarding customer and organisational data.

6. Collaboration and partnerships: It is imperative for leaders to foster a culture of collaboration and establish partnerships with external entities, such as technology partners, start-up enterprises, and research institutions. Collaborative endeavours have the potential to facilitate organisations in acquiring novel perspectives, accessing cutting-edge technologies, and enhancing the efficiency and calibre of their digital transformation endeavours.

One crucial observation is that the significance of leadership in the management of digital transformation is paramount for achieving organisational success. Effective leaders possess several key attributes that enable them to drive organisational success. These attributes include the ability to act as change agents, effectively communicate a compelling vision, cultivate strong teams, foster innovation, adeptly manage change, and prioritise the needs and satisfaction of customers. Organisations can effectively confront the challenges of digital transformation and attain a competitive advantage in the dynamic digital era through the implementation of proficient leadership.

CONCLUSION

The significance of leadership in the management of digital transformation within organisations is paramount. The success and effectiveness of the change can be ensured through the implementation of effective leadership. In this context, leaders should prioritise several key considerations: Become an agent of change: Leadership requires the capacity to identify and proactively anticipate shifts in the market, emerging technological developments, and evolving customer demands. It is recommended that efforts be made to promote the adoption of novel technologies and the modification of entrenched operational practises within the organisation. Have a clear vision: In order to effectively lead an organisation through the process of digital transformation, it is imperative for leaders to possess a distinct and well-defined vision of this undertaking. Furthermore, leaders must possess the ability to effectively communicate this vision to all members of the organisation. The implementation of effective communication strategies can play a crucial role in mitigating resistance and mitigating confusion that may emerge during periods of organisational change. Build a strong team: Effective leaders possess the capacity to assemble a team comprising individuals possessing pertinent digital proficiencies, while also guaranteeing the active engagement and contribution of all team members in the process of transformation. The factors of collaboration, collective learning, and resource adequacy play crucial roles in the attainment of digital transformation objectives. Develop aspects of transformational leadership: In order to effectively lead, individuals must possess the capacity to inspire, motivate, and cultivate an innovative organisational culture. The individuals in question ought to possess the capacity to establish trust, offer guidance, and eliminate any potential barriers that may emerge throughout the course of the digital transformation endeavour. Develop an understanding of technology: Leaders must possess a comprehensive comprehension of contemporary technologies employed in the process of digital transformation. This will assist individuals in formulating strategic decisions.
pertaining to the choice and execution of digital solutions. Managing change: Leadership necessitates proficiency in the identification and effective management of change, as well as the mitigation of resistance, while concurrently fostering collective commitment towards the requisite transformations.

Suggestions for leaders in the management of digital transformation in organisations are as follows:

a) Keep learning and developing yourself: Rapid technological advancements necessitate that leaders remain abreast of the most recent advancements in digital technology. The pursuit of ongoing learning and the acquisition of pertinent training are essential for leaders in effectively navigating the obstacles associated with digital transformation.

b) Involve the entire organisation: It is imperative for leaders to actively engage and incorporate the participation of all team members and departments in the process of digital transformation. Enabling individuals to actively participate and exchange their expertise will enhance the efficacy of technology adoption and successful organisational transformation.

c) Create an innovative environment: It is imperative for leaders to establish a cultural environment that fosters and encourages innovation and the willingness to take risks. Promoting a corporate culture that fosters creative thinking, experimentation with novel concepts, and the ability to derive lessons from setbacks will serve as a catalyst for technological advancement and innovation within the organisation.

d) Build strategic partnerships: It is advisable for leaders to actively pursue collaborations with external entities, including technology partners and research institutions, in order to acquire novel perspectives and avail themselves of cutting-edge technologies. These collaborative alliances have the potential to expedite the process of digital transformation and enhance the ability of organisations to maintain a competitive edge.

By assuming these roles and following the provided guidance, leaders can enhance their ability to effectively drive digital transformation within organisations and attain success amidst the swift changes brought about by the digital era.

REFERENCES


